

ECONOMIC DIGEST

Vol.29 No.3 A joint publication of Connecticut Department of Labor & Connecticut Department of Economic and Community Development

MARCH 2024

IN THIS ISSUE...

Connecticut's Economy in 2023 Shows Growth over 2022 1-5

Economic Indicators

- on the Overall Economy 5
- Individual Data Items 6-8
- Comparative Regional Data 9
- Economic Indicator Trends 10-11
- Help Wanted OnLine 15
- Business and Employment Changes Announced in the News Media 19
- Labor Market Areas:**
- Nonfarm Employment 12-17
- Sea. Adj. Nonfarm Employment 14
- Labor Force 18
- Hours and Earnings 19
- Cities and Towns:**
- Labor Force 20-21
- Housing Permits 22
- Technical Notes 23
- At a Glance 24

In January...

Nonfarm Employment

Connecticut 1,703,200
 Change over month +0.44%
 Change over year +0.66%

United States 157,700,000
 Change over month +0.22%
 Change over year +1.89%

Unemployment Rate

Connecticut 4.4%
 United States 3.7%

Consumer Price Index

United States 308.417
 Change over year +3.1%

Connecticut's Economy in 2023 Shows Growth over 2022

By Jungmin Charles Joo, Department of Labor

Connecticut employment continued to grow for the third year in a row, nearly completely recovering to the pre-pandemic levels in 2023. (The January 2024 jobs numbers, released in March, show jobs have more than fully recovered from pandemic losses.) The revised annual average total nonfarm employment rose 1.6% to a level of 1,694,200 in 2023. Correspondingly, last year's annual average unemployment rate dropped further to 3.8% from 4.1% in 2022. Overall, the 2023 economy continued to recover moderately as per the annual diffusion index.

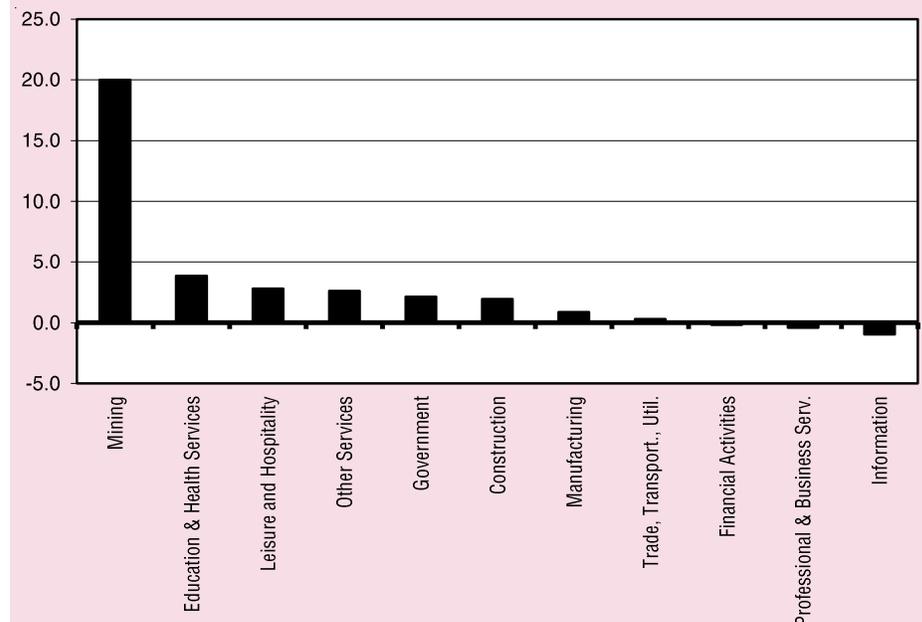
Nonfarm Employment

After the latest annual revision (based on annual average, not

seasonally adjusted data), in 2023 Connecticut regained 26,100 jobs (1.6%), fewer than the gain of 51,800 jobs (3.2%) in 2022. In the nation employment rose 2.3% in 2023, after having increased 4.3% in 2022.

As shown in Chart 1, most of Connecticut's industry sectors continued to add jobs last year. Eight of eleven major industry sectors have gained employment over the year, while three shed jobs. The biggest job growth occurred in education and health services (13,200, +3.9%), and leisure and hospitality (4,200, +2.8%). However, information (-300, -1.0%), professional and business services (-900, -0.4%), and financial activities (-200, -0.2%) posted slight declines in employment in 2023.

CHART 1. CT Employment Percent Changes, 2022 to 2023



The Connecticut Economic Digest is published monthly by the Connecticut Department of Labor, Office of Research, and the Connecticut Department of Economic and Community Development. Its purpose is to regularly provide users with a comprehensive source for the most current, up-to-date data available on the workforce and economy of the state, within perspectives of the region and nation.

The annual subscription is \$50. Send subscription requests to: *The Connecticut Economic Digest*, Connecticut Department of Labor, Office of Research, 200 Folly Brook Boulevard, Wethersfield, CT 06109-1114. Make checks payable to the Connecticut Department of Labor. Back issues are \$4 per copy. The Digest can be accessed free of charge from the DOL Web site. Articles from *The Connecticut Economic Digest* may be reprinted if the source is credited. Please send copies of the reprinted material to the Managing Editor. The views expressed by the authors are theirs alone and may not reflect those of the DOL or DECD.

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We would like to acknowledge the contributions of many DOL Research and DECD staff and Rob Damroth to the publication of the Digest.

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Unemployment

As the economy continues to recover from the impact of the pandemic, unemployment indicators also pointed to a better labor market situation in 2023. The annual average unemployment rate fell further from 4.1% to 3.8% over the year. It was the lowest level since the pre-pandemic rate of 3.6% in 2019. By comparison, the nation's rate decreased from 3.7% in 2022 to 3.6% in 2023. Any unemployment rate around 4% would be considered low by historic standards.

In addition, the U-6 rate, a broader measure of labor underutilization which also includes those who are marginally attached workers and part-timers that want full-time work, dipped further from 7.8% in 2022 to 7.1% in 2023 for Connecticut, the lowest rate over the last ten years. The number of average weekly initial claims for unemployment rose a bit in 2023 (4,009) from 2022 (3,894). The insured unemployment rate also increased slightly from 1.40% to 1.58% over the year.

Employment by LMA

For the third straight year, all nine labor market areas (LMAs) in Connecticut continued to add jobs. The biggest job gains occurred in the Danbury and Norwich-New London-Westerly regions. The charts on page 4 also show long-term seasonally adjusted and not seasonally adjusted total nonfarm employment trends of Connecticut

and all its nine LMAs from 2010 to January 2024.

Other Economic Indicators

In addition to employment and unemployment data, most other economic indicators reflected the continuation of improvement in Connecticut's economy. As the table on page 3 shows, both inflation-adjusted total personal income and real Unemployment Insurance covered wages of state residents (3-quarter averages) rose in 2023. Both new housing permits and construction contracts soared for two consecutive years. New auto registration bounced back over the year. Exports and occupancy rate rose for three years in a row. Both S & P 500 and gaming payments turned around last year.

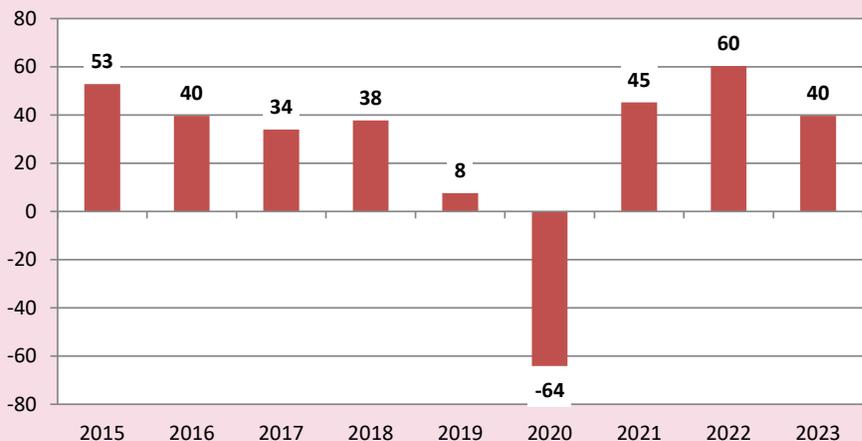
On the other hand, newly updated Connecticut Manufacturing Production Index declined over the year. Both real total private sector and manufacturing average weekly earnings fell for the third year. Gaming slots dropped slightly over the year as well.

Annual Diffusion Index

An Annual Diffusion Index (ADI) is one way to measure overall economic activity by summarizing all 53 economic indicators on page 3. For each economic indicator, the movement is up, down, or unchanged over the year. Results are reported as a diffusion index that is calculated by subtracting

-continued on page 5-

CHART 2. CT Annual Diffusion Index (ADI) of 53 Economic Indicators, 2015-2023



Connecticut Economic Indicators, 2014-2023 (Annual Averages/Totals)

STATEWIDE	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
NONFARM EMPLOYMENT (000s)										
TOTAL NONFARM.....	1,673.2	1,686.9	1,692.5	1,696.6	1,699.5	1,696.1	1,570.7	1,616.3	1,668.1	1,694.2
TOTAL PRIVATE.....	1,428.4	1,443.2	1,451.7	1,458.1	1,463.2	1,460.1	1,346.0	1,392.1	1,440.8	1,462.0
GOODS PRODUCING.....	213.4	215.5	216.3	217.7	220.0	222.1	211.3	212.9	218.7	221.3
SERVICE PROVIDING.....	1,459.9	1,471.4	1,476.3	1,478.9	1,479.5	1,474.0	1,359.3	1,403.4	1,449.5	1,472.9
MINING.....	0.6	0.6	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.6
CONSTRUCTION.....	55.6	58.0	59.2	58.4	58.8	59.7	56.9	59.4	61.1	62.3
MANUFACTURING.....	157.3	157.0	156.5	158.7	160.7	161.9	153.9	153.0	157.1	158.5
Durable Goods.....	124.1	123.6	122.8	124.3	126.3	127.3	121.5	120.0	122.8	124.0
Non-Durable Goods.....	33.2	33.3	33.7	34.4	34.4	34.6	32.3	33.0	34.4	34.5
TRADE, TRANSPORT., UTILITIES.....	295.0	296.3	297.3	297.1	296.7	292.6	277.4	290.3	298.0	298.9
Wholesale Trade.....	61.8	61.6	61.5	61.5	61.3	59.6	55.9	57.3	60.2	61.1
Retail Trade.....	184.3	184.7	184.7	183.5	180.7	175.7	160.5	167.2	168.0	167.3
Transport., Warehousing, & Utilities.....	48.8	50.1	51.1	52.1	54.7	57.4	61.0	65.8	69.9	70.5
INFORMATION.....	32.1	32.5	32.4	31.6	31.7	31.6	29.3	30.1	31.3	31.0
FINANCIAL ACTIVITIES.....	128.7	130.1	129.5	127.9	125.5	123.7	120.1	118.0	118.6	118.4
PROFESSIONAL & BUSINESS SERV.....	215.1	219.2	219.1	219.6	221.0	218.9	206.6	214.1	222.1	221.2
EDUCATIONAL & HEALTH SERV.....	331.3	334.6	338.5	342.5	344.7	348.1	328.1	334.0	342.0	355.2
LEISURE AND HOSPITALITY.....	149.9	151.2	154.0	156.6	157.8	157.6	117.4	134.6	148.9	153.1
OTHER SERVICES.....	62.9	63.9	64.7	65.1	65.6	65.4	55.8	58.3	61.2	62.8
GOVERNMENT.....	244.8	243.7	240.9	238.5	236.4	236.0	224.7	224.2	227.4	232.3
TOTAL NONFARM EMPLOYMENT IN LABOR MARKET AREAS										
Bridgeport-Stamford.....	407.9	411.4	412.1	409.3	409.6	406.9	371.8	386.0	401.0	406.9
Danbury.....	77.5	78.4	78.4	78.0	78.1	77.7	71.5	74.0	76.2	78.0
Hartford.....	571.1	576.7	578.4	581.2	585.1	587.0	548.5	559.2	571.5	580.1
New Haven.....	280.5	283.3	285.8	288.3	290.1	292.1	278.3	286.9	297.3	301.4
Norwich-New London-Westerly.....	127.7	128.1	129.1	130.9	130.6	129.8	114.0	117.9	122.9	125.8
Waterbury.....	68.0	68.1	68.4	68.6	69.6	69.0	63.0	64.7	66.1	66.5
Enfield.....	44.9	45.5	44.9	44.9	44.9	44.6	41.5	41.5	42.0	42.9
Torrington-Northwest.....	33.0	33.1	33.0	32.5	32.8	33.0	30.6	31.4	32.5	32.9
Danielson-Northeast.....	27.2	27.0	27.0	26.9	26.9	27.2	25.4	26.2	27.0	27.3
ALL EMP. HOURS & EARNINGS										
Total Private Average Weekly Hours.....	33.6	33.5	33.6	33.7	33.9	33.8	34.1	34.1	33.8	33.4
Real Tot Priv Avg Hrly Earn (82-84\$).....	\$11.90	\$12.29	\$12.68	\$12.71	\$12.76	\$12.91	\$13.16	\$12.49	\$11.85	\$11.81
Real Tot Priv Avg Wkly Earn (82-84\$).....	\$399.72	\$411.87	\$425.95	\$428.49	\$432.56	\$436.47	\$448.63	\$425.91	\$400.42	\$394.44
UNEMPLOYMENT										
Labor Force (000s).....	1,889.1	1,892.1	1,893.2	1,923.7	1,923.9	1,931.8	1,874.2	1,842.2	1,912.0	1,893.2
Employed (000s).....	1,764.1	1,785.8	1,801.4	1,838.8	1,849.4	1,862.3	1,724.8	1,724.5	1,833.7	1,822.1
Unemployed (000s).....	125.0	106.3	91.8	84.9	74.5	69.5	149.4	117.6	78.3	71.1
Unemployment Rate.....	6.6%	5.6%	4.9%	4.4%	3.9%	3.6%	8.0%	6.4%	4.1%	3.8%
Average Weekly Initial Claims.....	4,290	3,910	3,879	3,716	3,515	3,443	12,728	5,267	3,894	4,009
Insured Unemployment Rate.....	3.02%	2.61%	2.50%	2.36%	2.18%	2.02%	9.06%	3.33%	1.40%	1.58%
U-6 Rate.....	12.6%	10.9%	10.8%	10.1%	8.9%	7.9%	14.1%	10.7%	7.8%	7.1%
MANUFACTURING ACTIVITY										
Average Weekly Hours.....	40.8	40.5	42.6	41.6	41.5	42.3	40.6	39.2	40.6	39.8
Real Average Hourly Earnings (82-84\$).....	\$9.62	\$11.07	\$11.41	\$10.46	\$10.94	\$10.92	\$11.50	\$10.57	\$9.75	\$9.74
Real Average Weekly Earnings (82-84\$).....	\$392.44	\$448.38	\$486.13	\$435.21	\$453.90	\$461.72	\$466.84	\$414.32	\$396.16	\$387.82
CT Mfg. Production Index (2012=100).....	99.9	100.3	95.7	98.1	102.5	103.8	90.9	99.5	104.0	99.6
INCOME (mil.\$)										
Real Personal Income, SA (1982-84 \$)*.....	\$98,457	\$100,915	\$101,538	\$101,767	\$103,773	\$104,653	\$107,559	\$107,898	\$102,766	\$103,697
Real UI Covered Wages, SA (1982-84 \$)*.....	\$46,827	\$48,481	\$48,426	\$48,016	\$47,711	\$48,260	\$47,624	\$48,124	\$47,860	\$48,667
OTHER ECONOMIC INDICATORS										
New Housing Permits.....	5,297	5,883	5,341	4,606	4,570	6,481	5,767	4,651	5,162	5,764
Construction Contracts (1980=100).....	320.6	412.6	322.1	451.3	372.8	366.5	372.6	351.2	492.0	552.4
New Auto Registrations.....	197,779	168,269	267,284	223,577	222,223	211,264	171,479	209,154	168,211	174,813
Exports (bil.\$).....	\$15.96	\$15.24	\$14.39	\$14.79	\$17.40	\$16.23	\$13.83	\$14.54	\$15.34	\$15.82
S&P 500: Monthly Close (December).....	2,058.90	2,043.94	2,238.83	2,673.61	2,506.85	3,230.78	3,756.07	4,766.18	3,839.50	4,769.83
Gaming Payments (mil.\$).....	\$273.0	\$266.0	\$266.5	\$273.7	\$266.1	\$247.8	\$165.5	\$215.8	\$211.8	\$213.1
Occupancy Rate.....	59.6%	60.2%	60.6%	61.6%	62.1%	62.6%	40.4%	56.1%	59.6%	60.0%
Gaming Slots (mil.\$).....	\$13,066.4	\$12,837.9	\$13,032.0	\$13,348.8	\$13,051.2	\$12,047.3	\$7,807.7	\$10,301.3	\$10,311.2	\$10,267.4

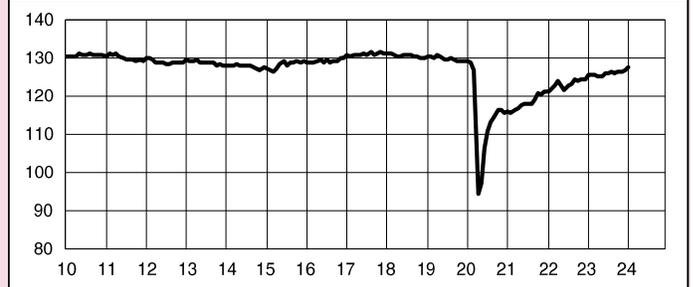
* 2023: three-quarter average

Seasonally Adjusted Nonfarm Employment Trends by Labor Market Area, 2010 - Jan. 2024

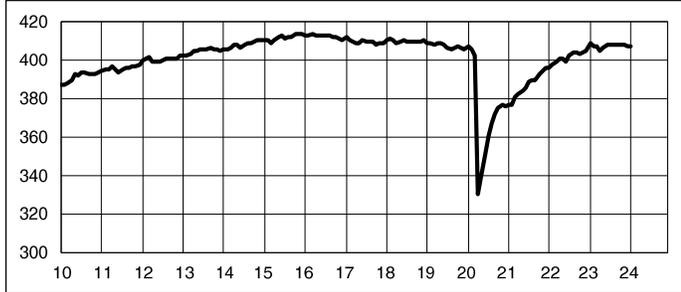
TOTAL NONFARM EMPLOYMENT, SA, 000s



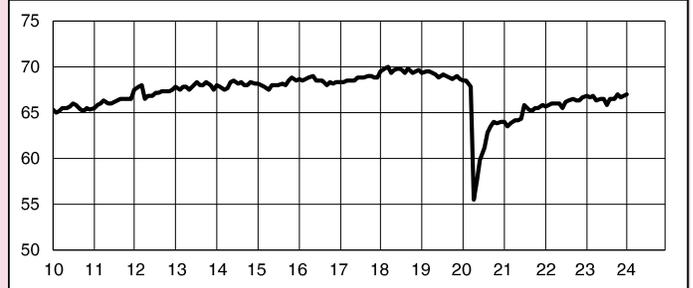
NORWICH-NEW LONDON LMA EMP., SA, 000s



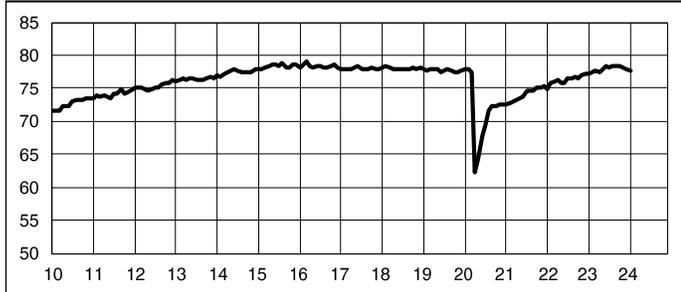
BRIDGEPORT-STAMFORD LMA EMP., SA, 000s



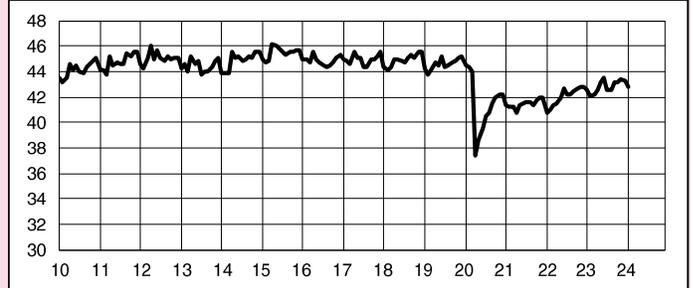
WATERBURY LMA EMP., SA, 000s



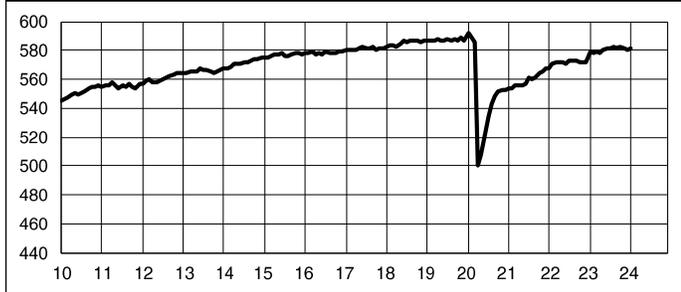
DANBURY LMA EMP., SA, 000s



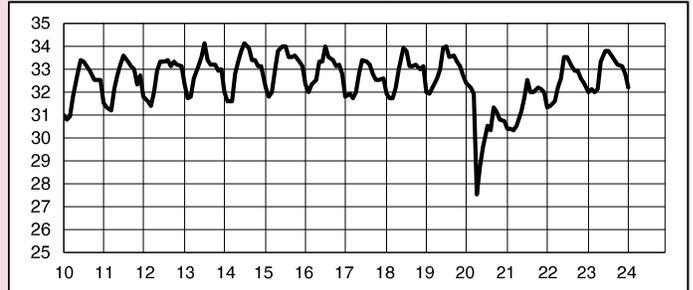
***ENFIELD LMA EMP., NSA, 000s**



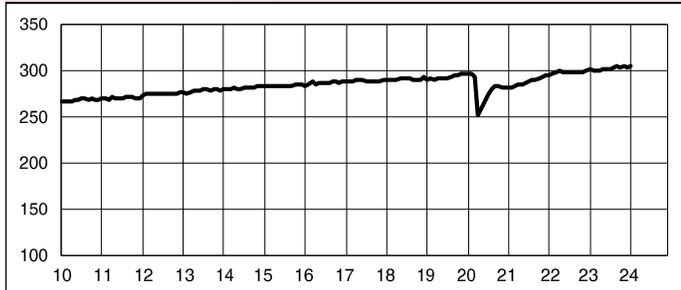
HARTFORD LMA EMP., SA, 000s



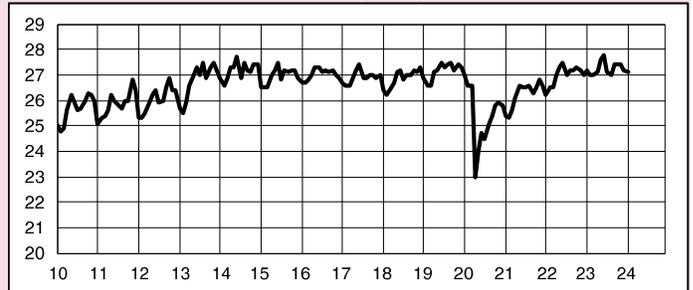
***TORRINGTON-NORTHWEST LMA EMP., NSA, 000s**



NEW HAVEN LMA EMP., SA, 000s



***DANIELSON-NORTHEAST LMA EMP., NSA, 000s**



* Not seasonally adjusted

-continued from page 2-

the share of indicators with negative economic movement from the share that moved in a positive economic direction.

For example, out of 53 indicators, 40 (76%) went up and 12 (23%) went down, and one was unchanged in 2015. The ADI is then calculated by subtracting 23 from 76, resulting in an indicator of 53. If an ADI is positive, then that is generally interpreted as an expansion in economic activity (because more indicators are improving), while negative values are interpreted as a contraction (because more indicators are deteriorating) for that year. As Chart 2 shows, the revised ADI showed another year of continuing recovery with an index number of +40 in 2023.

historically low unemployment rate in January (4.4%), as the economic recovery from pandemic losses is for all intents and purposes complete. All nine labor market areas added jobs for the third year, and employment in most of the industry sectors in Connecticut continued to rise last year. The diffusion index confirms that most indicators were positive in 2023. The major downside risks to Connecticut remain the national and international situations. The national economy is currently strong, but inflation is still higher than the Fed would like, and interest rates remain higher than

pre-pandemic levels. There are multiple uncertainties in the international situation. On the other hand, there are upside risks as well. The latest data show more people moved to Connecticut from other states than left Connecticut for other states in part due to the many advantages of living in our state in an era of increased telework. Connecticut could be well positioned to take advantage of new technologies and new ways of working as the economy transitions to a "new normal" after the enormous changes of the past few years. ■

Looking Ahead

This year is off to a robust start with a 7,400 gain in jobs and still a

GENERAL ECONOMIC INDICATORS

<i>(Seasonally adjusted)</i>	4Q 2023	4Q 2022	YoY CHG NO. %		3Q 2023	QoQ CHG NO. %	
General Drift Indicator (2007=100)*							
Leading	113.3	114.0	-0.6	-0.5	113.8	-0.5	-0.4
Coincident	96.2	95.6	0.6	0.7	96.1	0.1	0.14
Real Gross Domestic Product** (Millions of chained 2017 dollars)	3Q 2023	3Q 2022	YoY CHG NO. %		2Q 2023	QoQ CHG NO. %	
Connecticut	283,694	276,425	7,269	2.6	280,440	3,255	1.2
United States	22,490,692	21,851,134	639,558	2.9	22,225,350	265,342	1.2
New England	1,166,374	1,135,942	30,432	2.7	1,153,162	13,211	1.1
Per Capita Personal Income** (Current \$, SAAR)	3Q 2023	3Q 2022	YoY CHG NO. %		2Q 2023	QoQ CHG NO. %	
Connecticut	87,372	83,537	3,835	4.6	86,606	766	0.9
United States	68,717	65,944	2,773	4.2	68,233	484	0.7
New England	82,387	78,772	3,615	4.6	81,711	676	0.8
Philadelphia Fed's Coincident Index (2007=100)***	Jan 2024	Jan 2023	YoY CHG NO. %		Dec 2023	MoM CHG NO. %	
Connecticut	NA	NA	NA	NA	NA	NA	NA
United States	NA	NA	NA	NA	NA	NA	NA

Sources: *Dr. Steven P. Lanza, University of Connecticut, <https://steven-lanza.uconn.edu/the-connecticut-green-sheet/>

U.S. Bureau of Economic Analysis *Federal Reserve Bank of Philadelphia

General Drift Indicators are composite measures of the four-quarter change in three coincident (Connecticut Manufacturing Production Index, nonfarm employment, and real personal income) and three leading (housing permits, manufacturing average weekly hours, and initial unemployment claims) economic variables, and are indexed so 2007 = 100.

The **Philadelphia Fed's Coincident Index** summarizes current economic condition by using four coincident variables: nonfarm payroll employment, average hours worked in manufacturing, the unemployment rate, and wage and salary disbursements deflated by the consumer price index (U.S. city average).